JCurve Solutions Limited

Annual Financial Report
For the year ended 30 June 2017

JCurve Solutions Limited
ABN 63 088 257 729
Level 8, 9 Help Street
Chatswood NSW 2067
[T] +61 2 9467 9200

Contents

CORPORATE INFORMATION

ABN 63 088 257 729

Directors
Mr Bruce Hatchman
Mr Mark Jobling
Mr David Franks

Company Secretary
Mr David Franks

Registered office
Level 8, 9 Help Street
Chatswood
New South Wales 2067
Ph. (02) 9467 9200

Principal place of business
Level 8, 9 Help Street
Chatswood
New South Wales 2067
Ph. (02) 9467 9200

Share Register
Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000
Ph. (08) 9323 2000

Auditors
BDO East Coast Partnership
Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

Securities Exchange Listings
Australian Securities Exchange
ASX Code: JCS

Website
www.jcurvesolutions.com

CHAIRMAN'S LETTER

JCurve Solutions Limited is embarking on a sustained period of ambitious business growth. We are aiming to increase revenues, diversify market offerings, expand geographical territory and invest in our people to increase the value provided to customers which we expect will, in the longer-term, increase shareholder value. After two years of change and consolidation, the 2017 financial year was the year JCurve Solutions made substantial inroads into the achievement of its strategic priorities.

The Management team and Board have been busy focusing on our three stated strategic objectives. I am pleased to report substantial progress has been made through the financial year on each strategic objective:

1) Maximising value from the TEMS business

Over the past twelve months the Telecommunications Expense Management (TEMS) product division has consolidated and stabilised in line with our expectations for the sector. Customer churn has slowed to the anticipated level at this stage of our products' lifecycle, and, our management team continue to build strong customer relationships. Our proprietary TEMS products continue to add substantial value to over 100 customers across Australia.

During the year ending 30 June 2017 we were able to recognise $3.1 million of revenue from TEMS solutions. While this was a 28% decrease from the $4.3 million generated in FY2016 it remained in line with forecast levels. Further internal restructures which reduced costs ensured the TEMS division was able to generate a $1.8m profit before tax and before R&D expenditure for FY2017.

The industry is changing and has been consolidating for a number of years whereby product relevance remains for a lesser number of specific users, so reduced revenue was expected. Over the past 6-12 months we have reinvested the profits generated by the TEMS product division into research and development (R&D) activities which are intended to not only minimise TEMS churn but capitalise on related expense management opportunities. JCurve Solutions remains committed to the ongoing maximisation of value from the TEMS business which, while it has been declining year on year, remains a profitable part of the Group.

2) Investing to grow the JCurve ERP business

This strategic initiative was expanded during FY2017 to include not only growth in JCurveERP customers and revenue but overall ERP growth following significant developments with market leading product vendors NetSuite and MYOB.

During the year ended 30 June 2017, the ERP division grew by 36% after recognising $7.3m of revenue, a substantial increase on the $5.3m recognised in FY2016. We are forecasting stronger growth in FY2017. The $7.3m in revenue generated helped the ERP Division to generate a profit before tax of $1m for the year.

In August 2016, the Group signed a new Solution Provider ("SP") Partner agreement with NetSuite allowing JCurve Solutions to sell the NetSuite software to businesses of all sizes across Australia and New Zealand. This new agreement better enables the Group to capitalise on the fast-growing demand for cloud ERP software. Where previously JCurve Solutions was restricted to selling and servicing the SME market, as a five star NetSuite SP Partner, we have the ability to migrate customers from the JCurveERP edition onto NetSuite mid-market and enterprise editions as well as selling customers the NetSuite mid-market and enterprise editions directly.

In February 2017, we announced our new partnership with MYOB, the fastest growing cloud ERP provider in Australia and New Zealand, further expanding the portfolio of solutions offered by JCurve Solutions. Partnering with MYOB Advanced allows our customers a choice of their preferred cloud ERP platform to achieve more targeted product functionality for their specific needs.

On becoming a NetSuite SP Partner and MYOB Advanced Partner, the management team focused on the recruitment and training of the sales and professional services team members to capitalise on the increasing opportunities the significantly larger target market allowed. We now have a team of Business Development Managers and a marketing team who have generated a record pipeline of opportunities. Closing the opportunities into sales is a priority for FY2018.

3) Diversification by leveraging our core strengths and capabilities

The Management Team and Board have investigated a number of potential targets throughout both the Asian and Australian markets. We have incorporated a Singapore domiciled subsidiary and continue dialogue with multiple parties. While we are disappointed not to have made an acquisition, it hasn't been through a lack of trying. We will continue to look for the right opportunities.

From a diversification perspective progress was made in establishing six new partnerships which extended our cloud ERP offering while the partnership with MYOB further expanded our portfolio of products available to our target market. Effective and increasing research and development in expense management ensures we are well positioned to take advantage of opportunities which may arise.

4) Revenue recognition

Shareholders will notice through the Annual Report that JCurve Solutions has changed its revenue recognition accounting policy by early adopting AASB 15 – *Revenue from Contracts with Customers* ("AASB 15"). The numbers are reflective of this change and comparatives have been restated where applicable throughout the Annual Financial Report. The Directors believe that the early adoption of AASB 15 will allow the Group to change its revenue recognition accounting policy to more accurately disclose the underlying business performance and financial position of JCurve Solutions. The revised accounting policy more closely aligns with the personnel exertion and costs incurred by JCurve Solutions and is in line with the contractual obligations of customer contracts which are non-refundable and in the majority of contracts invoiced annually in advance.

The statutory profit after tax generated by JCurve Solutions for the year ending 30 June 2017 was $0.5 million (2016: $2.6m loss) after applying the revised accounting standard for both financial reporting periods. Stripping out the impairment charge recognised on goodwill in FY2016, the normalised EBITDA increased from $0.1m to $0.6m in FY2017.

Most importantly, JCurve Solutions continues to be supported by solid financial foundations. In FY2017 the Group was $1.1 million cash flow positive. The Group remains debt free and held $3.5 million in cash reserves all of which ensures we are well positioned to capitalise on a number of diversification and expansion opportunities which as outlined above we continue to evaluate.

The JCurve Solutions team continues to pride itself on a very strong corporate culture which has been a competitive advantage through the recent recruitment drive. Our corporate culture is recognised through a number of awards we have either won or been a finalist in over the past year. All of these further raising the market profile of the Group.

I would like to thank our employees and shareholders for their continued patience and support. The Directors look forward to continuing the momentum which was built during the past 12 months throughout FY2018.

Bruce Hatchman
Chairman

DIRECTORS' REPORT

Your directors present the annual financial report of the consolidated entity (referred to hereafter as JCurve Solutions or the Group) consisting of JCurve Solutions Limited and the entities it controlled at the end of, or during, the year ended 30 June 2017. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' Report is as follows:

Directors and Company Secretary

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Names, qualifications, experience, and special responsibilities

Bruce Hatchman FCA MAICD JP (Non-Executive Chairman)	
Experience and expertise	Mr Hatchman was appointed as the Chairman of JCurve Solutions on 27 November 2014. Mr Hatchman is an experienced and successful finance professional. As the former Chief Executive of Crowe Horwath, Mr Hatchman has 40 years' experience in providing audit and assurance services to listed companies and consulting services to large private enterprises. He is a qualified Chartered Accountant and a member of the Australian Institute of Company Directors.
Directorships of other companies	Mr Hatchman is currently the Chairman and a Non-Executive Director of Consolidated Operations Group Limited, Darwin Clean Fuels Pty Limited, Suters Holdings Pty Ltd.
Former directorships of other listed companies	None.
Special responsibilities	Member of the Audit & Risk Management Committee and Chairman of the Remuneration Committee.

David Franks B.Ec, CA, F Fin, JP. (Non-Executive Director and Company Secretary)	
Experience and expertise	Mr Franks joined JCurve Solutions on 15 September 2014 as Company Secretary and a Non-Executive Director. He is a Chartered Accountant, Fellow of the Financial Services Institute of Australia, Justice of the Peace, Registered Tax Agent and holds a Bachelor of Economics (Finance and Accounting) from Macquarie University. With over 20 years in finance and accounting, initially qualifying with Price Waterhouse in their Business Services and Corporate Finance Divisions, David has been CFO, Company Secretary and/or Director for numerous ASX listed and unlisted public and private companies, in a range of industries covering energy retailing, transport, financial services, mineral exploration, technology, automotive, software development and healthcare.
Directorships of other companies	None.
Former directorships of other listed companies	None.
Special responsibilities	Chairman of the Audit & Risk Management Committee and Member of the Remuneration Committee.

Mark Jobling B. Eco, B Laws (Hons) (Non-Executive Director)	
Experience and expertise	Mr Jobling joined the company on 8 April 2015 as a Non-Executive Director. Mr Jobling is a substantial shareholder of the Company and holds a Bachelor of Economics and Bachelor of Laws (Hons) from Monash University. Mr Jobling manages investments in a diverse range of industries including power technology and angel investing in Asian start-up companies and is currently based in Hong Kong. He began his career as a commercial lawyer with Mallesons Stephen Jaques in Australia and went on to hold senior executive roles in multi-billion dollar companies, including Managing Director of South East Asia and Taiwan for CLP Holdings Limited, and CEO of OneEnergy Limited, a CLP/Mitsubishi Corporation joint venture in Asia.
Directorships of other companies	None.
Former directorships of other listed companies	None.
Special responsibilities	Member of the Audit & Risk Management Committee and the Remuneration Committee.

DIRECTORS' REPORT (continued)

Interests in the shares and options of the Group and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of JCurve Solutions were:

	Ordinary Shares	Options over Ordinary Shares
M Jobling	51,204,301	-
B Hatchman	4,500,000 (*)	-
D Franks	5,206,174 (*)	-
	60,910,475	-

* 1,000,000 of which were issued under the Employee Share Plan to each of the noted Directors

During the year ended 30 June 2017, 10,000,000 performance rights were granted to employees under the Equity Incentive Plan. Details of performance rights issued under the Equity Incentive Plan are as follows:

	Number of performance rights	Exercise price	Vesting Date
JCurve Solutions Ltd	10,000,000	Nil	31 August 2019

In the prior year shares were issued to employees and directors under the Employee Share Plan. Details of shares issued under the Employee Share Plan are as follows:

	Number of shares	Allotment share price	Escrow Date
JCurve Solutions Ltd	4,800,000(*)	$0.05	11 September 2017
JCurve Solutions Ltd	2,000,000	$0.05	7 December 2017
Total	6,800,000		

(*) 750,000 of the shares issued under the Employee Share Plan were bought back by JCurve Solutions during the year ended 30 June 2017 in accordance with the terms of the Employee Share Plan.

Details of unissued ordinary shares under options as at 30 June 2017 are as follows:

	Number of options	KMP option holdings (1)	Exercise price	Expiry date
JCurve Solutions Ltd	8,928,571	-	$0.000001	31 March 2018
JCurve Solutions Ltd	8,928,571	-	$0.000001	31 March 2019
Total	17,857,142			

(1) As held by the Group's Key Management Personnel as at 30 June 2017.

No ordinary shares were issued during the financial year as a result of the exercise of these options.

Options totalling 8,928,571 expired during the financial year.

Dividends and shareholder returns

No dividends were declared or paid during the financial year ended 30 June 2017.

Principal activities

The principal activities of JCurve Solutions during the year ended 30 June 2017 were:

1) the sale of Enterprise Resource Planning (ERP) solutions, predominately the exclusively licensed JCurveERP and associated implementation and consulting services as well as NetSuite and MYOB Advanced in addition to accompanying associated implementation and consulting services; and
2) the development and sale of proprietary Telecommunications Expense Management Solutions.

DIRECTORS' REPORT (continued)

Operating financial review

Financial Results for the Year

The Group recognised a profit after tax of $0.5 million for year ended 30 June 2017 (2016 (restated): $2.6 million loss).

The Group early adopted the new accounting standard, AASB 15 'Revenue from Contracts with Customers' for the 2017 financial year. The Group has elected to adopt the full retrospective approach, and has retrospectively applied the new revenue recognition policy which is in accordance with AASB 15 to the comparative periods being the year ended 30 June 2016 and 1 July 2015. The comparative figures for the Statement of Profit or Loss and Other Comprehensive Income have been restated for the year ended 30 June 2016 while the Statement of Financial Position has been restated as at 30 June 2016 and 1 July 2015. The Group has indicated throughout this Annual Report where comparative figures have been restated. Refer to notes 24 and 25 for further details.

The Directors believe that the early adoption of AASB 15 allows JCurve Solutions to change its revenue recognition accounting policy to more accurately disclose the underlying business performance and financial position of the Group. The revised accounting policy more closely aligns with the personnel exertion and costs incurred by JCurve Solutions and is in line with the contractual obligations of customer contracts which are non-refundable and in the majority of contracts invoiced annually in advance. The net result from the adoption of AASB 15, is that revenue is recognised earlier under each customer contract.

Under the Group's previous revenue recognition accounting policy, a loss after tax of $0.3m for the year ended 30 June 2017 (2016: $2.8 million) was generated.

The 'Normalised EBITDA' for the full year ended 30 June 2017 under the new revenue recognition accounting policy was $0.6 million (2016 (restated): $0.1 million), which has been determined as follows:

	Consolidated ($)	
	2017	**2016 (restated)**
Statutory profit/(loss) after income tax for the year	**454,286**	**(2,597,423)**
Add Back: Non-cash expenses:		
Depreciation / amortisation	78,664	50,563
Impairment expense	-	2,980,493
Total non-cash expenses	78,664	3,031,056
Income tax benefit	97,297	(284,228)
Interest Income	(18,208)	(17,940)
Finance cost	548	52
Normalised EBITDA	**612,587**	**131,517**

Normalised EBITDA is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for specific significant items. The table above summarises key items between the statutory loss after tax and normalised EBITDA. The directors use normalised EBITDA to assess the performance of the Group.

Normalised EBITDA has not been subject to any specific review procedures by our auditor but has been extracted from the accompanying audited financial report.

DIRECTORS' REPORT (continued)

The Group's total revenue for the year ended 30 June 2017 was $10.4 million (2016 (restated): $9.7 million), which includes revenue from the sale of JCurveERP licenses and accompanying support and implementation revenue $7.3 million (2016 (restated): $5.3 million) and revenue from the sale of Telecommunications Expense Management Solutions $3.1 million (2016 (restated): $4.3 million).

Total expenses for the full year ended 30 June 2017 were $9.9 million (2016 (restated): $12.6 million). The largest expense during the year ended 30 June 2017 was amounts paid to employees and in respect of employees with $5 million being paid or accrued (2016: $4.7 million).

Financial Position as at 30 June 2017

The Group had significant cash reserves as at 30 June 2017 totalling $3.5 million which increased by $1.1 million from $2.4 million as at 30 June 2016 following strong quarter four sales by the ERP division and continuing improved debt collection processes by the Group. Having this level of cash reserves while remaining debt free ensures that JCurve Solutions is well positioned for a period of significant forecast growth and ideally positioned to explore acquisition opportunities including Asia which remain ongoing.

The increase in assets from $7 million as at 30 June 2016 (restated balance) to $8.9 million as at 30 June 2017, was achieved through strong quarter four ERP Division sales which assisted the Group to be $1.1 million cash flow positive during the year.

The liabilities balance increased from $3.4 million as at 30 June 2016 (restated balance) to $4.9 million as at 30 June 2017 with a large portion of the $3.5m in quarter four Group sales, being deferred under the Group's new revenue recognition accounting policy.

Risk management

The Group recognises the need to pro-actively manage the risks and opportunities associated with both day-to-day operations of the Group and its longer term strategic objectives and has developed a risk management policy.

The Board is responsible for the establishment, oversight and approval of the Group's risk management strategy, internal compliance and controls. The Board is also responsible for defining the "risk appetite" of the Group so that the strategic direction of the Group can be aligned with its risk management policy.

The Group has the following risk management controls embedded in the Group's management and reporting system:

1) A comprehensive annual insurance program;
2) A monthly risk register which is reviewed by the Executive Team and the Board;
3) Strategic and operational business plans; and
4) Annual budgeting and monthly reporting systems which enable the monitoring of performance against expected targets and the evaluation of trends.

The Chief Executive Officer and Chief Financial Officer through monthly Board papers, report to the Board as to whether all identified material risks are being managed effectively across the Group.

During the year, ongoing monitoring, mitigation and reporting on material risks was conducted by Executive Management Team, the Audit and Risk Committee and the Board and took place in accordance with the process disclosed above.

A copy of the Risk Management Policy can be found on the Group's website: http://www.jcurvesolutions.com/wp-content/uploads/2016/12/JCurve-Solutions-Risk-Management-Internal-Compliance-and-Control-Policy.pdf

Significant changes in the state of affairs

Significant changes in the state of affairs of JCurve Solutions during the financial year were as follows:

1) In August 2016, a wholly owned subsidiary of the Group signed a new Solution Provider ("SP") Partner agreement with NetSuite allowing JCurve Solutions to sell the NetSuite software to businesses of all sizes across Australia and New Zealand which will allow the Company to capitalise on the fast-growing demand for cloud ERP software. The Group spent the past six months preparing for the forecast future growth which will arise from becoming an SP Partner by investing in its people. The Group has focused on expanding the size and capabilities of its professional services team and sales team to meet the forecast business demands which will arise now that JCurve Solutions is a NetSuite SP Partner;

2) In September 2016, the Group announced that it has signed six new partnership agreements which will allow JCurve Solutions to expand our cloud ERP offering with new integrated functionality and capability;

3) In February 2017, the Group announced that it had signed a partnership with MYOB which enabled JCurve Solutions to begin selling, implementing and supporting MYOB Advanced cloud ERP software for larger businesses as an accredited MYOB partner.

DIRECTORS' REPORT (continued)

Events since the end of the financial year

No significant matters or circumstances have arisen since 30 June 2017 that have significantly affected, or may significantly affect:

(1) the Group's operations in future financial years, or
(2) the results of those operations in future financial years, or
(3) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Therefore, this information has not been presented in this report.

Environmental legislation

The Group is not subject to any significant environmental legislation. The Group does not meet either the facility or the corporate group threshold for registration under the National Greenhouse and Energy Reporting Act 2007.

During the financial year the Group implemented work practices which were aimed at becoming a paperless company. During the financial year printing costs across the Group were reduced by 55% following an emphasis towards being paperless.

Indemnification and insurance of Directors and Officers

The Group has agreed to indemnify all the directors and officers for any breach of laws and regulations arising from their role as a director and officer. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

JCurve Solutions has not indemnified or agreed to indemnify an auditor of the Group or any related body corporate against liability incurred as an auditor.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings (Eligible to attend)	Directors' Meetings (Attended)	Audit & Risk Management Committee Attended/(Eligible)	Remuneration Committee Attended /(Eligible)
Number of meetings held:	9		4	4
Number of meetings attended:				
B Hatchman	9	9	4 (4)	4 (4)
D Franks	9	9	4 (4)	4 (4)
M Jobling	9	9	3 (4)	4 (4)

Retirement, election and continuation in office of Directors

It is the Board's policy to consider the appointment and retirement of Non-Executive Directors on a case-by-case basis. In doing so, the Board must take into account the requirements of the Australian Securities Exchange Listing Rules and the *Corporations Act 2001.*

Clause 13.4 of the JCurve Solutions Constitution allows the Directors to at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the JCurve Solutions Constitution. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting. There have been no such appointments during the year.

Clause 13.2 of the JCurve Solutions Constitution requires that no director who is not the Chief Executive Officer may hold office without re-election beyond the third AGM following the meeting at which the director was last elected or re-elected.

DIRECTORS' REPORT (continued)

Noting that Stephen Canning as Chief Executive Officer is not subject to Clause 13.2 of the Constitution, the current board was re-elected by shareholders at the following prior AGMs:
2016: David Franks;
2015: Bruce Hatchman and Mark Jobling.

Therefore, under Clause 13.4 of the Constitution, no director is due for election under the noted time period.

However, ASX Listing Rule 14.5 states that an entity which has directors must hold an election of directors each year while Clause 13.2 of the Constitution states that an election of Directors shall take place each year and that the Directors to retire at an annual general meeting are those who have been longest in office since their last election. In accordance with Clause 13.2 of the Constitution, either one of Bruce Hatchman or Mark Jobling will voluntary offer to retire and seek re-election in accordance with Clause 13.2 of JCurve Solutions' Constitution, having voluntarily offered to stand for re-election.

DIRECTORS' REPORT (continued)

Remuneration report (Audited)

The directors are pleased to present JCurve Solution Limited's ("the Company's") remuneration report for the year ended 30 June 2017. The remuneration report is prepared in accordance with section 300A of the *Corporations Act 2001* and has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The remuneration report outlines the key aspects of JCurve Solutions remuneration policy, framework and remuneration awarded for JCurve Solutions directors and executives. The Executives for the purpose of this report are Key Management Personnel who are not Non-Executive Directors.

The Remuneration Report is structured as follows:
1) Directors and other Key Management Personnel
2) Remuneration governance
3) Remuneration Structure
4) Remuneration of key management personnel
5) Relationship between remuneration and JCurve Solutions performance
6) Voting and comments made at the Company's 2016 Annual General Meeting
7) Details of share-based compensation
8) Equity instruments held by Key Management Personnel
9) Shareholdings of Key Management Personnel

1) Directors and other Key Management Personnel

Non-Executive Directors

Bruce Hatchman	Non-Executive Chairman – Independent
David Franks	Non-Executive Director – Independent
Mark Jobling	Non-Executive Director – Not Independent

Executive Management Team (Executives)

Stephen Canning	Chief Executive Officer
James Aulsebrook	Chief Financial Officer
Kate Massey	Head of Marketing (KMP from 1 July 2016)
Katrina Doring	Head of Sales and Service/Head of Operations (from 5 July 2016)

Key Management Personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly (and include the directors of the Company). The Key Management Personnel was expanded to include the Executive Management Team from 1 July 2016 with the Executive Management team responsible for preparing the 3 year Company Strategic Plan.

2) Remuneration governance

<u>Remuneration philosophy</u>

The performance of the Company depends upon the quality of the directors and executives employed by JCurve Solutions. The philosophy of the Company in determining remuneration levels is to:

(i) set competitive remuneration packages to attract and retain high calibre employees;
(ii) link executive rewards to shareholder value creation; and
(iii) establish appropriate performance hurdles for variable executive remuneration.

<u>Nomination and Remuneration committee</u>

The Nomination and Remuneration Committee is responsible for determining and reviewing compensation arrangements for the directors and the executive management team.

The composition of the Nomination and Remuneration Committee during the year ended 30 June 2017, comprised Bruce Hatchman (Chairman), Mark Jobling and David Franks being three members, all non-executive directors, with an independent Chairman and the majority of whom are independent. On this basis, the Nomination and Remuneration Committee is in compliance with the ASX Corporate Governance Principles and Recommendations.

Members of the Nomination and Remuneration Committee are appointed, removed and/or replaced by the Board.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration which the directors and executives receive on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

The Company's Corporate Governance Statement which can be found on the Company's website: http://www.jcurvesolutions.com/corporate-governance/update-201708, provides further information on the role of the Nomination and Remuneration Committee and its composition and structure.

A copy of the Nomination and Remuneration Committee's charter is included on the Company's website.

3) Remuneration Structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides JCurve Solutions with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

JCurve Solutions' constitution adopted at the AGM on 9 November 2010 specifies that the aggregate remuneration of non-executive directors shall be a maximum of $400,000 per year, and can be varied by ordinary resolution of the shareholders in a General Meeting. There have been no changes to the constitution of JCurve Solutions since this date.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually.

Non-executive directors are paid their director fees in cash, including statutory superannuation contributions. They do not receive any bonus payments nor are they entitled to any payment upon retirement or resignation.

An Employee Share Plan was approved by shareholders at the Annual General Meeting held on 31 October 2013. Following approval by shareholders at the Annual General Meeting held on 17 November 2015, on 7 December 2015, 1,000,000 shares were issued to both Bruce Hatchman and David Franks (2,000,000 in total) under the Employee Share Plan with payment via a non-recourse loan.

The remuneration of non-executive directors for the year ended 30 June 2017 and comparative year is detailed in Section 4, Table 1 of the Remuneration report.

Executive remuneration

The Company's Executive remuneration structure consists of three components:

Fixed components	***Variable 'at-risk' components***
Base salary and benefits, including superannuation.	(i) Short-term incentives in the form of cash bonuses; and (ii) Long-term incentives, through participation in the JCurve Solutions Equity Incentive Plan (EIP) and the Employee Share Plan.

(i) Base salary and benefits

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

Each executive's remuneration is reviewed annually by the Nomination and Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market, internally and, where appropriate, external advice on policies and practices. The Nomination and Remuneration committee has access to external, independent advice if required.

(ii) Short term incentive

The Short-term incentive (STI) scheme is designed to reward the Executive Management team for their contribution to the success of JCurve Solutions in achieving its financial goals, as well as the individual contribution of each employee to business goals, as determined by the Board.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

The FY2017 KPI targets for the Short-term incentive plan were determined by the Board based on a number of Key Result Areas (KRA) which the Board believes will affect the performance of JCurve Solutions during the financial year. The KRA's included a leadership metric, a revenue metric, a profitability metric and a business diversification metric. The metrics are determined with reference to JCurve Solutions strategic goals and objectives. The leadership metric is measured from independently collated feedback scores from employees and the Directors. The revenue and profitability metric are measured based on the audited statutory financial results. The diversification metric is determined with reference to the number of profitable acquisitions made by JCurve Solutions during the year.

The Short-term incentive scheme takes the form of a cash bonus payable once the results for the year have been determined. For the revenue and profitability metric, the KPI target result is based on the audited statutory information.

The potential value of the short-term incentive scheme as a proportion of each Executive's base salary was as follows:

	FY2017 STI Potential (*)
Executives	
S Canning	17%
J Aulsebrook	14%
K Massey	15%
K Doring	16%

(*) STI bonus potential as a proportion of the Executive's base contracted salary excluding superannuation and other benefits

(iii) Long term incentive

The long-term incentive schemes which have been implemented over the last two financial years have been designed to align a portion of Executive Remuneration with long term shareholder value.

The JCurve Solutions Equity Incentive Plan (EIP) was approved by shareholders at the Annual General Meeting held on 22 November 2016. On 27 June 2017 performance rights totalling 10,000,000 were issued employees under the EIP. The performance rights which are subject to a performance condition and a service condition vest on 31 August 2019.

9,000,000 of the performance rights issued were to Executive team members as follows:

	Performance Rights Issued
Executives	
S Canning	4,500,000
J Aulsebrook	1,500,000
K Massey	1,500,000
K Doring	1,500,000

An Employee Share Plan was approved by shareholders at the Annual General Meeting held on 31 October 2013. On 11 September 2015, 4,800,000 shares were issued to employees under the employee share plan with payment via a non-recourse loan.

The remuneration of JCurve Solutions Executives for the year ended 30 June 2017 and comparative year is detailed in Section 4, Table 2 of the Remuneration Report.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

4) Remuneration of key management personnel

Table 1: Key Management Personnel remuneration for the year ended 30 June 2017: Directors

		Short-term employee benefits			Post-employment	Equity	Total	
Directors		Director's Fees $	Bonuses / Commission (2) $	Other short-term benefits $	Super-annuation $	Shares $	Total $	Performance Related %
B Hatchman	2017	81,372	-	-	16,274	4,086	101,732	4%
Chairman (non-executive)	2016	82,040	-	-	15,606	2,306	99,952	2%
D Franks	2017	60,000	-	-	5,700	4,086	69,786	6%
Director (non-executive)	2016	60,000	-	-	5,700	2,306	68,006	3%
M Jobling	2017	60,000	-	-	-	-	60,000	-
Director (non-executive)	2016	60,000	-	-	-	-	60,000	-
G Baillie (1)	2017	-	-	-	-	-	-	-
Director (non-executive)	2016	20,565	-	-	1,954	-	22,519	-
Total Directors Fees	2017	201,372	-	-	21,974	8,172	231,518	4%
Total Directors Fees	2016	222,605	-	-	23,260	4,612	250,477	2%

(1) Mr Baillie served as a non-executive Director until 17 November 2015. The Directors fees and accompanying superannuation of $22,519 were paid to Millenium International Pty Ltd, a company owned by Mr Baillie.

(2) Includes any bonuses or commissions forfeited during the year

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Table 2: Key Management Personnel remuneration for the year ended 30 June 2017: Executives

		Short-term employee benefits			Long-term	Post-employment	Equity	Total	
Executives		Salary $	Bonuses / Commission (8) $	Other short-term benefits (6) (9) $	Long service leave (7) (9) $	Super-annuation $	Shares/ Performance Rights $	$	Perfor mance Related %
S Canning (1)	2017	300,000	25,000	15,525	2,148	21,406	3,751	367,830	8%
Chief Executive Officer	2016	280,000	25,000	15,560	160	20,461	4,556	345,737	9%
J Aulsebrook (2)	2017	175,000	-	8,514	374	16,625	21	200,534	0%
Chief Financial Officer	2016	35,897	-	3,175	-	3,410	-	42,482	-
B Doughty (3)	2017	-	-	-	-	-	-	-	-
Chief Financial Officer	2016	166,036	-	-	-	15,319	5,684	187,039	3%
K Massey (4)	2017	163,127	7,500	7,492	1,847	16,210	2,149	198,325	5%
Head of Marketing	2016	-	-	-	-	-	-	-	-
K Doring (5)	2017	158,359	-	13,646	-	15,044	21	187,070	0%
Head of Sales and Service	2016	-	-	-	-	-	-	-	-
Total Executive Rem.	2017	796,486	32,500	45,177	4,369	69,285	5,942	953,759	4%
Total Executive Rem.	2016	481,933	25,000	18,735	160	39,190	10,240	575,258	6%

(1) bonus of $35,000 based on performance related KRA under the Short Term Incentive Scheme for FY2017 along with a discretionary element was approved on 22 August 2017 and will be paid on 31 August 2017. This bonus has not been included in table 2.
(2) appointed 18 April 2016. Bonus of $25,000 based on performance related KRA under the Short Term Incentive Scheme for FY2017 along with a discretionary element was approved on 22 August 2017 and will be paid on 31 August 2017. This bonus has not been included in table 2.
(3) resigned 31st May 2016
(4) became a Key Management Personal (KMP) from 1 July 2016. Information in table 2 for the period whilst a KMP. Bonus of $15,000 based on performance related KRA under the Short-Term Incentive Scheme for FY2017 along with a discretionary element was approved on 22 August 2017 and will be paid on 31 August 2017. This bonus has not been included in table 2.
(5) appointed 5 July 2016. Bonus of $15,000 based on performance related KRA under the Short-Term Incentive Scheme for FY2017 along with a discretionary element was approved on 22 August 2017 and will be paid on 31 August 2017.
(6) other short-term benefits include car parking expenses for S Canning, K Massey and K Doring as well as annual leave accrued for each Executive Team Member as per Corporations Regulation 2M.3.03(1) Item 6
(7) other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8
(8) Includes any bonuses or commissions forfeited during the year
(9) prior year comparatives have been adjusted to include the movement in the provision for annual leave ($25,523) and long service leave ($160)

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Table 3: Service Agreements
Remuneration and other terms of employment for the Executive Management Team are formalised in service agreements, in the form of a contract of employment.

Arrangements relating to remuneration of the Company's Executive Management Team currently in place are set out below:

Executive	Title	Term of agreement	Current base salary excluding superannuation	Contractual termination benefits
S Canning	Chief Executive Officer	Commenced 12 January 2015 on a rolling contract	$300,000	3 months and 1 week base salary
J Aulsebrook	Chief Financial Officer	Commenced 18 April 2016 on a rolling contract	$175,000	3 months base salary
K Massey (*)	Head of Marketing	Commenced 1 September 2015 on a rolling contract (*)	$166,000	3 months base salary
K Doring	Head of Sales and Services	Commenced 5 July 2016 on a rolling contract	$166,000	3 months base salary

(*) Information outlined as the date K Massey was promoted to the role of Head of Marketing. Became a member of the Key Management Personnel from 1 July 2016.

Base salaries are quoted for the year commencing 1 July 2017. They are reviewed annually by the Remuneration Committee.

The service agreement contracts outlined above may be terminated in the following circumstances:

(i) Voluntary termination by the Company: the contractual termination benefit outlined in the table above as well as any statutory entitlements accrued will be paid; or

(ii) Termination by the Company for cause without notice: no contractual termination benefits are payable. Only statutory entitlements accrued will be paid.

4) Relationship between remuneration and JCurve Solutions performance

Performance in respect of the current year and the previous two years is detailed in the table below:

	2017 **$**	2016 restated(*) $	2015 restated(*) $
Total profit/(loss) for the year (*)	**454,286**	(2,597,423)	(5,022,542)
Normalised EBITDA	**612,587**	131,517	568,361
Share price at year end ($)	**0.011**	0.006	0.015
Increase/(decrease) in share price	**83%**	(60%)	(66%)
Dividends paid	**-**	-	-

(*) Restated to report in line with JCurve Solutions new revenue recognition accounting policy

The remuneration of JCurve Solutions Executives outlined in Table 2 has consisted primarily of salaries and superannuation. Performance related remuneration was less than 10% reflecting the recent performance levels of the Company outlined in the above table.

5) Voting and comments made at the Company's 2016 Annual General Meeting

The JCurve Solutions Remuneration Report resolution was carried by a show of hands, with the results of both the show of hands and proxy position in excess of 75% in favour of the resolution. Of valid proxies received, more than 92% of proxy votes lodged (lodged as for/against/open excluding all other votes) voted "yes" on the Remuneration Report for the 2016 financial year. Comments raised by shareholders during the course of the Annual General Meeting were responded to by the Directors during the meeting.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

6) Details of share-based compensation

Table 1: Performance rights issued to Executives under the JCurve Solutions Equity Incentive Plan on 27 June 2017

	Performance Rights Issued
Executives	
S Canning	4,500,000
J Aulsebrook	1,500,000
K Massey	1,500,000
K Doring	1,500,000

Table 2: Shares issued to Directors under the employee share plan on 7 December 2015

	Shares Issued
Directors	
B Hatchman	1,000,000
D Franks	1,000,000

Table 3: Shares issued to Executives under the employee share plan on 11 September 2015

	Shares Issued
Executives (*)	
S Canning	1,300,000
B Doughty	1,000,000

(*) K Massey was issued 750,000 shares as part of this allotment however was not a Key Management Personal as defined in the Remuneration Report at the time of the shares being issued.

Table 4: Performance rights issued which formed part of remuneration during the year ended 30 June 2017

	Value per performance right granted $	Value of total performance rights granted $	Value of performance rights lapsed $	Total value of performance rights granted, exercised and lapsed $	Value of performance rights included in remuneration for the year $	% remuneration consisting of shares for the year
Executives						
S Canning	0.00275	12,375	-	12,375	62	0%
J Aulsebrook	0.00275	4,125	-	4,125	21	0%
K Massey	0.00275	4,125	-	4,125	21	0%
K Doring	0.00275	4,125	-	4,125	21	0%

For further details on the Employee Share Plan, please refer to Notes 16 and 26.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Table 5: Shares issued under the employee share plan which formed part of remuneration during the year ended 30 June 2017

	Value per share granted $	Value of total shares granted $	Value of shares exercised $	Value of shares lapsed $	Total value of shares granted, exercised and lapsed $	Value of shares included in remuneration for the year $	% remuneration consisting of shares for the year
Directors							
B Hatchman	0.00568	8,183	-	-	8,183	4,086	4%
D Franks	0.00568	8,183	-	-	8,183	4,086	6%
Executives							
S Canning	0.00568	11,367	-	-	11,367	3,751	8%
K Massey (*)	0.00568	4,263	-	-	4,263	2,128	5%

For further details on the Employee Share Plan, please refer to Notes 15 and 16
(*) Granted while not a Key Management Personnel member

Table 6: Shares issued under the employee share plan which formed part of remuneration during the year ended 30 June 2016

	Value per share granted $	Value of total shares granted $	Value of shares exercised $	Value of shares lapsed $	Total value of shares granted, exercised and lapsed $	Value of shares included in remuneration for the year $	% remuneration consisting of shares for the year
Directors							
B Hatchman	0.00568	8,183	-	-	8,183	2,306	2%
D Franks	0.00568	8,183	-	-	8,183	2,306	3%
Executives							
S Canning	0.00568	11,367	-	-	11,367	4,556	9%
B Doughty (*)	0.00568	5,684	-	(5,684)	-	5,684	3%

(*) Resigned 31 May 2016

7) Equity instruments held by Key Management Personnel

Table 1: Option holdings of Key Management Personnel (Consolidated)

						Vested as at end of period (#)	
30 June 2016	Balance at beginning of period	Granted as remune-ration	Options exercised	Net change Other #	Balance at end of period	Exercisable	Not Exercisable
Directors							
G Baillie	35,714,284	-	-	8,928,571	26,785,713	-	26,785,713

 # Includes forfeitures, rights issue and balance on resignation. Graham Bailie retired on 17 November 2015 and the information outlined in the above tables is at the date of Graham Baillie's resignation.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

8) Shareholdings of Key Management Personnel

Ordinary shares held in JCurve Solutions Limited (number)

30 June 2017	Balance 01 Jul 16	Granted as remuneration	Issued under employee share plan	Net Change Other	Balance 30 Jun 17
Directors					
B Hatchman	1,000,000	-	-	3,500,000	4,500,000
D Franks	2,867,000	-	-	2,339,174	5,206,174
M Jobling	51,204,301	-	-	-	51,204,301
Executives					
S Canning	4,533,418	-	-	-	4,533,418
J Aulsebrook	-	-	-	-	-
K Massey	1,415,000	-	-	-	1,415,000
K Doring	-	-	-	1,975,534	1,975,534
Total	61,019,719	-	-	7,814,708	68,834,427

30 June 2016	Balance 01 Jul 15	Granted as remuneration	Issued under employee share plan	Net Change Other	Balance 30 Jun 16
Directors					
G Baillie (1)	83,124,215	-	-	(83,124,215)	-
B Hatchman	-	-	1,000,000	-	1,000,000
D Franks	-	-	1,000,000	1,867,000	2,867,000
M Jobling	51,204,301	-	-	-	51,204,301
Executives					
S Canning	2,000,000	-	1,300,000	1,233,418	4,533,418
B Doughty (1)	1,571,320	-	1,000,000	(2,571,320)	-
J Aulsebrook	-	-	-	-	-
Total	137,899,836	-	4,300,000	(82,595,117)	59,604,719

(1) Includes the purchase and disposal of shares as well as number of shares held at the date of resignation or retirement. G Baillie retired as a Non-Executive Director on 17 November 2015. The information shown for G Baillie was at his retirement date as per the Appendix 3Z, being he held 83,124,215 shares on the date he retired as a director. B Doughty resigned effective 31 May 2016.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the company would have adopted if dealing at arm's length.

Transactions with Directors and Key Management Personnel

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

Purchases from Related Parties	**2017** **$**	**2016** **$**
Franks & Associates Pty Ltd		
Company secretarial services (1)	55,408	65,460
Directors Fees (included in Table 1)	65,700	65,700
	121,108	133,466
Taos Creative Pty Ltd		
Digital marketing & consulting (2)	-	2,277
	-	2,277
Millennium International Pty Ltd		
Directors Fees (3) (included in Table 1)	-	22,519
	-	22,519
Outserve Australia Pty Ltd		
Professional Services (4)	-	112,400
	-	112,400

(1) David Franks was appointed as Company Secretary on 15 September 2014 and was also appointed as a Non-Executive Director on that date. David is the Proprietor of Franks and Associates, a firm that has provided guidance on corporate compliance requirements pursuant to the Company's constitution, ASX Listing Rules and Corporations Act, assistance in drafting notices of meeting and announcements; Board documentation, and assistance with preparation of annual and half yearly financial reports. Company secretarial service fees for the year ended 30 June 2017 amounted to $55,408 net of GST excluding out of pocket expenses (2016: $65,460) and were provided on commercial terms. Franks and Associates invoices JCurve Solutions for Mr Franks' Directors fees and superannuation, which has been included in Section 4, Table 1 of the Remuneration Report.

(2) Former Chairman and Non-Executive Director Graham Baillie, was a related party of Taos Creative Pty Ltd through Graham's step-daughter, Sam Brown who was a majority shareholder and Director of Taos Creative Pty Ltd, which specialise in digital marketing & consulting services for business. In 2016 JCurve Solutions was provided with services on commercial terms from Taos Creative Pty Ltd amounting to $2,277 net of GST while Graham Bailie was a Director.

(3) Millenium International is a company fully owned by former Chairman and non-executive Director Graham Baillie. Millenium International invoiced JCurve Solutions for Mr Baillie's Directors fees, which has been included in Section 4, Table 1 of the Remuneration Report.

(4) Former Chairman and Non-Executive Director Graham Baillie, was a related party of Outserve Australia Pty Limited through Graham's son-in-law Stephen John Nankervis who was a Director of Outserve Australia Pty Limited. Outserve Australia Pty Limited were engaged to provide professional services on commercial terms. The services provided by Outserve up until the date Mr Baillie retired as a Non-Executive Director amounted to $112,400 net of GST for the year ended 30 June 2017.

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

End of Remuneration Report

DIRECTORS' REPORT (continued)

Proceedings on behalf of the company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor Independence and Non-Audit Services

Section 307C of the *Corporations Act 2001* requires our auditors, BDO East Coast Partnership, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 23 and forms part of this Directors' Report for the year ended 30 June 2017.

Non-Audit Services

There was no non-audit related activities carried out by the Company's auditors during the year ended 30 June 2017.

Corporate Governance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. The Board supports a system of corporate governance to ensure that the management of JCurve Solutions is conducted to maximise shareholder wealth in a proper and ethical manner.

The Corporate Governance Statement and other corporate governance practices which outline the principal corporate governance procedures of JCurve Solutions can be found on the company's website at: http://www.jcurvesolutions.com/corporate-governance/.

Signed in accordance with a resolution of the directors.

B Hatchman
Chairman
Dated at Sydney 22 August 2017

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF JCURVE SOLUTIONS LIMITED

As lead auditor of JCurve Solutions Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of JCurve Solutions Limited and the entities it controlled during the year.

Gareth Few

Gareth Few

Partner

BDO East Coast Partnership

Sydney, 22 August 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated ($) 2017	2016 Restated *
Continuing operations			
Revenue	3	10,378,808	9,685,395
Cost of goods sold		(2,327,229)	(2,014,047)
Gross profit		**8,051,579**	**7,671,348**
Other income	3	34,489	52,826
Employee benefits expense	4	(5,062,916)	(4,692,055)
Other employee related expense	4	(796,021)	(764,531)
Communications expense		(71,300)	(102,304)
Advertising and marketing		(274,509)	(537,645)
Professional fees		(500,434)	(601,431)
Occupation expense		(399,604)	(398,781)
Listing expense		(46,628)	(45,508)
Depreciation and amortisation expense	4	(78,664)	(50,563)
Impairment expense	12	-	(2,980,493)
Finance expense	4	(548)	(52)
Product development expense		-	(4,313)
Loss on disposal of fixed asset		-	(46,440)
Other expenses		(303,861)	(381,709)
Profit/(loss) before income tax		**551,583**	**(2,881,651)**
Income tax (expense)/benefit	5	(97,297)	284,228
Profit/(loss) from continuing operations for the year		**454,286**	**(2,597,423)**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**454,286**	**(2,597,423)**
Basic earnings/(loss) per share (cents per share)	6	0.14	(0.78)
Basic earnings/(loss) per share from continuing operations (cents per share)	6	0.14	(0.78)

(*) Refer to notes 24 and 25 for details about the change in accounting policy adopted for revenue recognition.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	Consolidated ($) 2017	2016 Restated *	2015 Restated *
Assets				
Current Assets				
Cash and cash equivalents	7	3,495,899	2,382,699	2,049,069
Trade and other receivables	8	1,586,347	1,040,155	1,405,712
Current tax asset		189,333	-	-
Other current assets	9	606,221	677,143	554,994
Total Current Assets		5,877,800	4,099,997	4,009,775
Non-Current Assets				
Property, plant and equipment	11	121,929	158,714	91,418
Intangible assets	12	2,302,857	2,303,989	5,286,746
Other financial assets	10	19,078	19,078	19,078
Deferred tax asset	5	614,701	441,671	396,623
Total Non-Current Assets		3,058,565	2,923,452	5,793,865
Total Assets		8,936,365	7,023,449	9,803,640
Liabilities				
Current Liabilities				
Trade and other payables	13	3,607,848	2,772,074	2,883,599
Provisions	14	219,172	176,036	195,876
Current tax liabilities		-	-	93,562
Total Current Liabilities		3,827,020	2,948,110	3,173,037
Non-Current Liabilities				
Deferred tax liabilities	5	1,033,854	488,476	408,907
Provisions	14	65,581	47,921	107,689
Total Non-Current Liabilities		1,099,435	536,397	516,596
Total Liabilities		4,926,455	3,484,507	3,689,633
Net Assets		4,009,910	3,538,942	6,114,007
Equity				
Share capital	15	17,588,248	17,588,248	17,588,248
Reserves	16	1,762,054	1,745,372	1,723,014
Accumulated losses		(15,340,392)	(15,794,678)	(13,197,255)
Total Equity		4,009,910	3,538,942	6,114,007

(*) Refer to notes 24 and 25 for details regarding the restatement as a result of a change in accounting policy.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated ($) Inflows / (Outflows) 2017	2016
Cash flows from operating activities			
Receipts from customers		10,743,643	10,086,596
Payments to suppliers and employees		(9,607,873)	(10,241,416)
Interest received		18,208	17,940
Interest paid		(548)	(52)
Income tax received		518	632,597
Net cash provided by/ (used in) operating activities	7	1,153,948	495,665
Cash flows (used in)/from investing activities			
Payments for property, plant and equipment		(39,381)	(162,035)
Purchase of intangible assets		(1,367)	-
Net cash used in investing activities		(40,748)	(162,035)
Net increase/(decrease) in cash and cash equivalents		1,113,200	333,630
Cash and cash equivalents at 1 July 2016		2,382,699	2,049,069
Cash and cash equivalents at 30 June 2017	7	3,495,899	2,382,699

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated ($)			
	Share Capital	**Accumulated Losses Restated ***	**Equity Benefits Reserve**	**Total**
As at 1 July 2015 (restated) *	17,588,248	(13,197,255)	1,723,014	6,114,007
Total comprehensive loss for the year (restated) *	-	(2,597,423)	-	(2,597,423)
	-	(2,597,423)	-	(2,597,423)
Transactions with owners in their capacity as owners:				
Issued shares under employee share plan	-	-	22,358	22,358
	-	-	22,358	22,358
Balance at 30 June 2016 (restated) *	17,588,248	(15,794,678)	1,745,372	3,538,942
As at 1 July 2016 (restated) *	17,588,248	(15,794,678)	1,745,372	3,538,942
Total comprehensive income for the year	-	454,286	-	454,286
	-	454,286	-	454,286
Transactions with owners in their capacity as owners:				
Issued shares under employee share plan	-	-	16,544	16,544
Issued shares under employee incentive scheme	-	-	138	138
	-	-	16,682	16,682
Balance at 30 June 2017	17,588,248	(15,340,392)	1,762,054	4,009,910

(*) Refer to notes 24 and 25 for details regarding the restatement as a result of a change in accounting policy.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONTENTS TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The financial position and performance of the group was particularly affected by the following factors, events and transactions during the reporting period:

1) The adoption of AASB 15 and the resultant change to the Group's accounting policy for revenue recognition;
2) Becoming a NetSuite Solution Provider allowing JCurve Solutions to sell the NetSuite software to businesses of all sizes across Australia and New Zealand. The Group has focused on expanding the size and capabilities of its professional services team and sales team to meet the forecast business demands which will arise now that JCurve Solutions is a NetSuite Solution Provider Partner; and
3) The increasing investment in research and development which will support the ongoing maximisation of value from the TEMS business

A more detailed outline about the Group's performance and financial position is outlined in the Directors Report operating and financial review on pages 8 to 9.

Some of the amounts reported for the previous period have been restated to incorporate the Group's new accounting policy for revenue recognition. Refer to note 25 for further details of the impact of the new accounting standard on the financial results.

NOTE 2: SEGMENT REPORTING

(a) Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors and Executive Management Team of JCurve Solutions.

(b) Description of segments

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about the components of the Group that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance.

JCurve Solutions sells a portfolio of solutions and derives its revenues and profits from a variety of sources.

The Board and Executive Management Team for the year ended 30 June 2017, considered the business from a product perspective and identified two reportable segments:

- ERP - ERP cloud-based Business Management solutions and associated consulting services; and
- TEMS - The development and marketing of Telecommunications Expense Management Solutions (JTEL and Full Circle Group).

All other segments – the development business unit and group/head office are cost centres and are not reportable operating segments. The results of these operations are included in 'all other segments'.

The Group currently operates in one significant geographical segment being Australia and New Zealand with a very small presence in Singapore which has not been separately disclosed.

The Group reports internally on the assets and liabilities of the Group on a consolidated basis.

No customers comprise more than 10% of the Group's total revenue.

(c) Segment information provided to the chief operating decision maker

The segment information provided to the Board and the Executive Management Team for the reportable segments for the year ended 30 June 2017 (including the comparative period) is as follows:

	Consolidated ($)			
	ERP	TEMS	All other segments	Total
Total revenue	7,271,122	3,107,686	-	10,378,808
Total cost of sales	(2,248,324)	(78,905)	-	(2,327,229)
Gross profit	5,022,798	3,028,781	-	8,051,579
Other income	-	-	34,489	34,489
Total expenditure excluding cost of sales	(3,982,849)	(1,245,635)	(2,306,001)	(7,534,485)
Total profit/(loss) before tax	**1,039,949**	**1,783,146**	**(2,271,512)**	**551,583**

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Consolidated ($)			
	ERP	TEMS	All other segments	Total
Total revenue	5,340,681	4,344,714	-	9,685,395
Total cost of sales	(1,869,365)	(144,682)	-	(2,014,047)
Gross profit	3,471,316	4,200,032	-	7,671,348
Other income	-	-	52,826	52,826
Total expenditure excluding cost of sales	(3,363,770)	(2,628,101)	(1,633,460)	(7,625,332)
Impairment expense	-	(2,980,493)	-	(2,980,493)
Total loss before tax	**107,546**	**(1,408,562)**	**(1,580,634)**	**(2,881,651)**

(*) Refer to notes 24 and 25 for details regarding the restatement as a result of a change in accounting policy.

NOTE 3: REVENUES AND OTHER INCOME

	Consolidated ($)	
	2017	2016 Restated *
Revenue		
Telecommunications expense management – Australia	3,107,686	4,344,714
Enterprise Resource Planning (ERP) solutions	7,271,122	5,340,681
	10,378,808	9.685,395
Other Income (**)		
Interest income	18,208	17,940
Sundry Income	16,281	34,886
	34,489	52,826

(*) Refer to notes 24 and 25 for details regarding the restatement as a result of a change in accounting policy.
(**) Reclassified from revenue for the year ending 30 June 2016

1) Accounting policy

Revenue recognition

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer;

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations;

Step 5: Recognise revenue as the performance obligations are satisfied.

Following the adoption of AASB 15, the Group's revenue recognition accounting policy is that:

- The performance obligation for the implemented ERP software is satisfied when the ERP software has been installed and is operating materially as contractually required. Rather than recognizing the contracted revenue evenly over the contract period which ranges from 12 to 60 months in the case of license revenue or evenly over an implementation period for service revenue (generally 2 to 3 months), under the new accounting policy, both license and implementation revenue for the contracted period is recognized at the point in time when the ERP software has been installed and is operating materially as contractually required. This has the effect of bringing forward a significant proportion of license revenue and deferring a portion of the implementation service revenue which would have been deferred under the previous accounting policy which was in accordance with AASB 118;
- The performance obligation for providing ERP software customers with technical support is satisfied over the contracted period. There is no change to the accounting policy for the recognition of technical support revenue which continues to be recognized over the contract period which ranges from 12 to 60 months; and

NOTES TO THE FINANCIAL STATEMENTS (continued)

- The performance obligation for providing Telecommunication Expense Management solutions is satisfied over the contracted period. There is no change to the accounting policy for the recognition of Telecommunication Expense Management solutions revenue which continues to be recognized over the contract period which ranges from 12 to 24 months.

In addition to contracts with customers, the Group receives interest income from monies held in its bank accounts, Interest revenue is recognised on an accruals basis based on the interest rate, deposited amount and time which lapses before the reporting period end date.

(2) Significant accounting judgments, estimates and assumptions: Revenue recognition

(i) Identification of performance obligations

The Group has determined that for new ERP software sales, while licenses and implementation services are quoted as separate line items and have separate list prices they are not distinct performance obligations as the customer is purchasing customisable ERP software which requires not only the licenses to be provisioned but the software to be installed by a qualified JCurve Solutions implementation consultant. As such a combined implemented ERP software performance obligation is presented.

Technical support which is purchased by ERP software customers to assist with their ongoing use of the ERP software and is separate from the combined ERP software/implementation performance obligation.

(ii) Satisfaction of performance obligations

The performance obligation for the implemented ERP software is satisfied at the point in time when the ERP software has been installed and is operating materially as contractually required. It is when the customer has full access to and control of the ERP software.

The performance obligation for providing ERP software customers with technical support remains throughout the contract period so is satisfied over the contract period.

The performance obligation for providing Telecommunication Expense Management solutions remains throughout the contract period so is satisfied over the contract period.

NOTE 4: EXPENSES

	Consolidated ($)	
	2017	**2016**
Costs of goods sold	2,327,229	2,014,047
Employee expenses	5,062,916	4,692,055
Other employee related expense - superannuation	424,003	406,757
Other employee related expense – excluding superannuation	372,018	357,774
Depreciation of non-current assets	75,833	48,299
Finance expense	548	52
Operating lease rental expense: minimum lease payments	357,869	346,269
Amortisation of intangibles	2,832	2,264
Directors' Fees (includes superannuation)	231,518	245,865
Consultancy Fees	82,709	77,200

(1) Accounting policy

(i) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except those that relate to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(ii) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs - refer Note 4 (i).

Finance leased assets are depreciated on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(iii) Employee expenses

- **Wages, salaries, annual leave and sick leave**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

- **Long service leave**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(2) Significant accounting judgments, estimates and assumptions: Recognition of subscription costs of sales

The recognition of the license cost associated with each JCurveERP software subscription is estimated on a gross margins basis and is amortised over the life of the contract in a manner consistent with the method for recognising the revenue.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 5: INCOME TAX

	Consolidated ($)	
	2017	**2016**
		Restated *
Income tax recognised in profit or loss		
The major components of tax expense are:		
Current tax benefit	189,333	49,404
Origination and reversal of temporary differences	(371,831)	(143,397)
Under/(over) provision from prior years - current tax	85,201	378,221
Total tax benefit/(expense)	(97,297)	284,228
Attributable to:		
Continuing operations	(97,297)	284,228
The prima facie income tax (benefit)/expense on pre-tax accounting (loss)/profit from continuing operations reconciles to the income tax (benefit)/expense in the financial statements as follows:		
Accounting profit/(loss) before tax	551,583	(2,881,650)
Income tax benefit/(expense) benefit calculated at 30%	(165,475)	864,495
Deferred tax expense relating to the origination and reversal of temporary differences:		
Permanent differences – (non assessable income)/non-deductible expenses	(14,363)	(14,936)
Impairment of goodwill and intangibles	-	(894,148)
Research and development tax incentive	58,758	-
Tax losses not brought to account	(61,418)	(49,404)
Under provision in prior years	85,201	378,221
Income tax benefit/(expense) reported in the Statement of Profit or Loss and other Comprehensive Income	(97,297)	284,228

Deferred Taxes (Non-Current)

	Consolidated ($)		
	2017	**2016**	**2015**
		Restated *	**Restated ***
Analysis of deferred tax assets:			
Deductible temporary differences available to offset against future taxable income			
Deferred expenditure	356,918	152,204	151,614
Accruals and provisions	257,783	289,467	245,009
	614,701	441,671	396,623
Analysis of deferred tax liabilities:			
Deferred license revenue	1,015,578	488,476	408,907
Other	18,276	-	-
	1,033,854	488,476	408,907
Net Deferred Tax Liability	419,153	46,805	12,284

(*) Refer to notes 24 and 25 for details regarding the restatement as a result of a change in accounting policy.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(1) Accounting policy

(i) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(ii) Tax Consolidation Legislation

JCurve Solutions and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

JCurve Solutions Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

Assets or Liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Group.

(iii) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(2) Significant accounting judgments, estimates and assumptions: Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over future years together with future tax planning strategies.

(3) Unrecognised deferred tax assets and deferred tax liabilities

The balance of carried forward tax losses that have not been recognised in the Financial Statements amount to $1,563,791 (2016: $1,359,063). The deductible temporary differences and tax losses do not expire under current legislation. Deferred tax assets totaling $469,137 (2016: $469,137) have not been recognised in respect of these items because it is not probable that future tax profits will be available against which the Group can utilise the benefits thereof.

There are no unrecognized deferred tax liabilities.

(4) Tax Consolidation

JCurve Solutions and its 100% owned Australian resident subsidiaries implemented the tax consolidation legislation from 1 January 2014. The accounting policy for the implementation of the tax consolidation legislation is set out in note 5 (1)(ii).

The entities in the tax consolidated group have entered into a tax sharing agreement on adoption of the tax consolidation legislation which, in the opinion of the directors, limits the joint and several liability of the controlled entities in the case of a default by the head entity, JCurve Solutions.

JCurve Solutions and its controlled entities have entered into a tax funding agreement under which the 100% owned Australian resident subsidiaries compensate JCurve Solutions for all current tax payable assumed and are compensated by JCurve Solutions for any current tax receivable and deferred tax assets which relate to unused tax credits or unused tax losses that, under the tax consolidation legislation, are transferred to JCurve Solutions. These amounts are determined by reference to the amounts which are recognised in the financial statements of each entity in the tax consolidated group.

The amounts receivable/ payable under the tax funding agreement are due on receipt of the funding advice from JCurve Solutions, which is issued as soon as practicable after the financial year end. JCurve Solutions may also require payment of interim funding amounts to assist with obligations to pay tax instalments. These amounts are recognised as current intercompany receivables or payables.

NOTE 6: EARNINGS/(LOSS) PER SHARE

	Consolidated	
	2017	**2016 Restated ***
	$	**$**
Earnings used for calculation of basic and diluted earnings per share		
Profit/(loss) from operations	454,286	(2,597,423)
	No.	**No.**
Weighted average number of shares used for calculation of basic and diluted EPS		
Weighted average number of shares	332,264,434	332,207,720
	Cents per share	**Cents per share Restated ***
Earnings used for calculation of basic and diluted earnings per share		
Basic earnings/(loss) per share (cents per share)	0.14	(0.78)
Diluted earnings/(loss) per share (cents per share)	0.14	(0.78)

(*) Refer to notes 24 and 25 for details regarding the restatement as a result of a change in accounting policy.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(1) Accounting policy

Basic earning/(loss) per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earning/(loss) per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated ($)	
	2017	**2016**
Cash at bank and on hand	3,495,899	2,382,699
	3,495,899	2,382,699

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

At 30 June 2017, the Group has no committed borrowing facilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Consolidated ($)	
	2017	2016 Restated (*)
Reconciliation of profit/(loss) for the year after tax to net cash flows from operating activities		
Profit/(loss) for the year	454,286	(2,597,423)
Non-cash flows in operating (loss)/profit:		
Depreciation and amortisation from continuing operations	78,664	50,563
Impairment from continuing operations	-	2,980,493
Loss on disposal of fixed assets	-	46,440
Equity settled share based payment	16,682	22,358
(Increase)/decrease in assets:		
Trade and other receivables	(546,192)	365,557
Other current assets	70,922	(122,149)
Other financial assets	-	-
Current tax receivable	(189,333)	-
Deferred tax assets	(173,030)	(45,048)
Increase/(decrease) in liabilities:		
Trade and other payables – Current	835,775	(111,525)
Provisions – Current	43,136	(19,840)
Current tax liabilities	-	(93,562)
Provisions – Non-current	17,660	(59,768)
Deferred tax liabilities	545,378	79,569
Net cash used in operating activities	1,153,948	495,665

(*) Refer to notes 24 and 25 for details regarding the restatement as a result of a change in accounting policy.

(1) Accounting policy

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated ($)	
	2017	2016
Current:		
Trade receivables (i)	1,240,106	1,171,762
Allowance for doubtful debts (2)	(17,893)	(131,607)
Accrued revenue/commissions receivable	364,134	-
	1,586,347	1,040,155

(i) the average credit period on sales of goods and rendering of services is 30 days. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience. Refer to note 19 for ageing of receivables.

(1) Accounting policy

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(2) Allowance for doubtful debts reconciliation

At 30 June 2017, trade receivables of the Group with a nominal value of $17,893 (2016: $131,607) were impaired. The allowance for doubtful debts was $17,893 (2016:131,607). The movement in the allowance for doubtful debts is as follows:

	Consolidated ($)	
	2017	2016
At 1 July	131,607	135,058
Provision for impairment recognised during the year	(102,602)	(65,911)
Receivables written off during the year as uncollectable	(110,991)	(105,529)
Trade receivables provided for but collected	99,879	167,989
	17,893	131,607

NOTE 9: OTHER CURRENT ASSETS

		Consolidated ($)	
	2017	2016	2015
		Restated *	Restated *
Prepayments	161,987	78,309	61,925
Term deposit	170,186	170,907	-
Research and development rebate	-	-	333,317
Deferred expenditure	262,408	392,170	132,615
Sundry debtors	11,640	35,757	27,137
	606,221	677,143	554,994

(*) Refer to notes 24 and 25 for details regarding the restatement as a result of a change in accounting policy.

NOTE 10: OTHER FINANCIAL ASSETS

	Consolidated ($)	
	2017	2016
Security Deposits	19,078	19,078
	19,078	19,078

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 11: PLANT AND EQUIPMENT

	Consolidated ($) 2017	Consolidated ($) 2016
Plant and equipment, at cost	266,357	226,976
Less accumulated depreciation	(144,594)	(68,761)
Net carrying amount	121,763	158,215
Leasehold improvements, at cost	1,000	1,000
Less accumulated depreciation	(834)	(501)
Net carrying amount	166	499
Total net carrying amount	121,929	158,714

Reconciliations:

	Consolidated ($) Plant & Equipment	Leasehold Improvements	Total
Movements:			
Net carrying amounts as at 30 June 2015	90,585	833	91,418
Disposals	(614,677)	(43,120)	(657,797)
Additions	162,035	-	162,035
Depreciation write-back on disposals	568,237	43,120	611,357
Depreciation charges	(47,965)	(334)	(48,299)
Net carrying amounts as at 30 June 2016	158,215	499	158,714
Net carrying amounts as at 30 June 2016	158,215	499	158,714
Additions	39,381	-	39,381
Depreciation charges	(75,833)	(333)	(76,166)
Net carrying amounts as at 30 June 2017	121,763	166	121,929

(1) Accounting policy

(i) Cost

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

(ii) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

Leasehold improvements are amortised over the period of the lease or the estimated useful life, whichever is the shorter, using the straight-line method. The following estimated useful lives are used in the calculation of depreciation and amortisation:

Plant and equipment	2 – 14 years
Leasehold improvements	1 – 6 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(iii) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Statement of Profit or Loss and other Comprehensive Income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

(iv) De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

NOTE 12: INTANGIBLE ASSETS

	Consolidated ($)			
	Licences	**Other intangibles**	**Goodwill (i)**	**Total**
Year ended 30 June 2016				
At 1 July 2015, net of accumulated amortisation and impairment	2,272,857	3,396	3,010,493	5,286,746
Transfers	30,000	-	(30,000)	-
Amortisation	-	(2,264)	-	(2,264)
Impairment charge	-	-	(2,980,493)	(2,980,493)
At 30 June 2016, net of accumulated amortisation and impairment	2,302,857	1,132	-	2,303,989
Year ended 30 June 2017				
At 1 July 2016, net of accumulated amortisation and impairment	2,302,857	1,132	-	2,303,989
Additions	-	1,367	-	1,367
Amortisation	-	(2,499)	-	(2,499)
Impairment charge	-	-	-	-
At 30 June 2017, net of accumulated amortisation and impairment	2,302,857	-	-	2,302,857

(i) Impairment testing

Goodwill is subject to annual impairment testing (see Note 18).

An impairment loss of $2,980,493 was recognised in the comparative period. The net assets as at 30 June 2015 included goodwill for The Full Circle Group Pty Ltd $2,623,097 and Phoneware Pty Ltd $357,396. These assets were considered to be fully impaired and have a carrying value of $nil as at 30 June 2016, due to reduced future cash inflows as a result of changes in market forces.

Further explanation of the factors that lead to the impairment charge in the comparative period refer to Note 18.

(1) Accounting policy

(i) Intangible assets – Licenses and other intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

(ii) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(2) Significant accounting judgments, estimates and assumptions

(i) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in Note 18.

(ii) Identification of intangible assets on acquisition

The definition of an intangible asset requires an intangible asset to be identifiable to distinguish it from goodwill. Goodwill recognised in a business combination is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. The future economic benefits may result from synergy between the identifiable assets acquired or from assets that, individually, do not qualify for recognition in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

NOTE 13: TRADE AND OTHER PAYABLES

	Consolidated ($)		
	2017	**2016 Restated ****	**2015 Restated ****
Current:			
Trade payables (*)	362,889	356,777	364,097
Other payables	534,448	373,240	483,213
Accrued expenses	521,216	634,090	638,230
Unearned Income (**)	2,189,295	1,407,967	1,398,059
	3,607,848	2,772,074	2,883,599

(*) Trade payables are non-interest bearing and are normally settled on 30-day terms. Information regarding the effective interest rate and credit risk of current payables is set out in Note 19.

(**) Refer to notes 24 and 25 for details regarding the restatement as a result of a change in accounting policy.

(1) Accounting policy

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

NOTE 14: PROVISIONS

	Consolidated ($)	
	2017	**2016**
Current:		
Annual leave	199,442	176,036
Provision for long service leave	19,730	-
	219,172	176,036
Non-current:		
Provision for long service leave	65,581	47,921
	65,581	47,921

(1) Accounting policy

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The current pre-tax rate used for discounting purposes is 12% (2016: 12%).

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 15: SHARE CAPITAL

	Consolidated ($) 2017	2016
Ordinary shares issued and fully paid (i)	17,382,891	17,382,891
Unissued shares (ii)	205,357	205,357
	17,588,248	17,588,248

(i) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movement in ordinary shares on issue	No.	$
At 1 July 2015	327,856,900	17,382,891
Shares issued (a)	6,800,000	-
Share by back and cancellation (a)	(2,000,000)	-
At 30 June 2016	332,656,900	17,382,891
Shares issued (a)	-	-
Share by back and cancellation (a)	(750,000)	-
At 30 June 2017	331,906,900	17,382,891

(a) Shares issued and bought back under the Employee Share Plan. Refer to Note 26(ii) for further information.

(ii) Movement in unissued shares

At 1 July 2015 (a)	4,464,285	205,357
Deferred consideration which lapsed (a)	(4,464,285)	-
At 30 June 2016	-	205,357
Deferred consideration	-	-
At 30 June 2017	-	205,357

(a) Unissued shares in respect of the Full Circle acquisition to which the earn out levels were not achieved. Unissued shares lapsed during the year ending 30 June 2016. The prior year comparative for the number of unissued shares has been adjusted reflecting the non-achievement of the earn out level.

(1) Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(2) Shares issued under Employee Share Plan – in escrow

JCurve Solutions Limited issued a total of 6,800,000 shares to employees (4,800,000) and Directors (2,000,000) during the year ending 30 June 2016 under an Employee Share Plan. Refer to Note 26(ii) for further information.

(3) Share Option Plan - Acquisition of JCurve Business Software

JCurve Solutions Limited issued 35,714,284 options (valued at $1,572,144) as part consideration for the acquisition of JCurve Solutions Pty Ltd by its' subsidiary JCurve Business Software Pty Ltd in October 2013. Refer to Note 26(iii) for further information.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 16: RESERVES

	Consolidated ($)	
	2017	**2016**
Equity Benefits Reserve		
Balance at the start of the year	1,745,372	1,723,014
Issued shares under Employee Share Plan	13,990	15,547
Shares cancelled under Employee Share Plan	2,554	6,811
Issued shares under Employee Incentive Scheme	138	-
Balance at the end of the year	1,762,054	1,745,372

(1) Accounting policy

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black- Scholes model, further details of which are given in Note 26.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of JCurve Solutions Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Profit or Loss and Other Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 6).

(2) Significant accounting judgments, estimates and assumptions: Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black - Scholes model, using the assumptions as detailed in the notes to the financial statements.

NOTE 17: CRITICAL JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(1) Revenue recognition - Identification of performance obligations – refer to note 3;
(2) Revenue recognition – Satisfaction of performance obligations – refer to note 3;
(3) Impairment of goodwill and intangibles with indefinite useful lives – refer to note 12;
(4) Identification of intangible assets on acquisition – refer to note 12;
(5) Share-based payment transactions – refer to note 16;
(6) Recovery of deferred tax assets – refer to note 5; and
(7) Recognition of subscription costs of sales – refer to note 4

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 18: IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES

Goodwill acquired through business combinations was historically allocated to 3 individual cash generating units **(CGU)** for impairment testing as follows:

- Phoneware - TEMS;
- JCurve Business Software - ERP;
- The Full Circle Group - TEMS.

The goodwill attributed to the Phoneware and The Full Circle Group CGU's was fully impaired during the year ending 30 June 2015.

JCurve Business Software - ERP

The JCurve Business Software intangible asset balance relates to the recoverable amount of the amount paid for the purchase of the exclusive reseller agreement with NetSuite. This Agreement provides JCurve Solutions with exclusive selling rights for the JCurve ERP edition of the NetSuite business software for an indefinite period. The NetSuite agreement provides that in the event of cancellation of the Agreement, the customers of JCurve Solutions would be assigned to NetSuite and NetSuite would be required to pay JCurve Solutions a royalty of 30% of the future revenue stream to NetSuite for a 3-year period. On the basis of current trends, JCurve Business Software revenue is increasing year on year, and should this trend continue, it is unlikely that there will be impairment in future periods.

The recoverable amount of any royalty payment from NetSuite has been determined based on a value in use calculation using cash flow projections covering a 3-year period. The discount rate applied to the contractual royalty cash flow projections is 6.25% (2016: 6.25%). Based on these value in use calculations, there is no impairment for the year ended 30 June 2017 (2016: nil).

The carrying value of the NetSuite License remains $2,302,857.

If the discount rate applied was 10% higher the recoverable amount would decrease by $34,617 and if the discount rate applied was 10% lower the recoverable amount would increase by $34,840. If the license churn projections applied was 10% higher than the amount forecast, the recoverable amount would decrease by $43,550 and if the license churn projections applied was 10% lower the recoverable amount would increase by $43,954.

Carrying amount of intangibles allocated to each of the cash generating units

	Consolidated ($)		
	Full Circle	JCurve Business Software	Total
At 30 June 2016			
Carrying amount of goodwill	-	-	-
Carrying amount of licences	-	2,302,857	2,302,857
Carrying amount of other intangibles	1,132	-	1,132
Total	1,132	2,302,857	2,303,989
At 30 June 2017			
Carrying amount of goodwill	-	-	-
Carrying amount of licences	-	2,302,857	2,302,857
Carrying amount of other intangibles	-	-	-
Total	-	2,302,857	2,302,857

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 19: FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(1) Capital risk management

Capital risk is managed and monitored by liaising with banks and communicating with shareholders. JCurve Solutions considers new government legislation and monitors the market place by canvassing information from stockbrokers and investors.

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. Management adjust the capital structure as necessary to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(i) Categories of financial instruments

	Consolidated ($)	
	2017	**2016**
Financial assets		
Cash and cash equivalents	3,495,899	2,382,699
Receivables	1,586,347	1,040,155
Other current assets	170,186	170,907
Other financial assets	19,078	19,078
Financial liabilities		
Payables	1,418,553	1,364,107

The Group has no derivative instruments in designated hedging relationships.

(2) Financial Risk Management

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are outlined in Note 17 to the financial statements.

The Group's principal financial liabilities are trade payables and unearned income which arise during the course of operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The Group's policy throughout 2017 has remained that no trading in derivatives shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, and credit risk. The Board of Directors reviews and agrees on policies for managing each of these risks which are summarised on the following pages.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(3) Interest Rate Risk

The following table sets out the carrying amount, by maturity, of the Group's financial instruments including those exposed to interest rate risk:

	Consolidated ($)			
	Within 1 year	1 to 5 years	Total	Weighted average effective interest rate
	Restated *	Restated *	Restated *	%
Year ended 30 June 2017				
Financial assets				
Non interest bearing:				
Trade and other receivables	1,586,347	-	1,586,347	
	1,586,347	-	1,586,347	
Floating rate:				
Cash Assets	3,495,899	-	3,495,899	0.35%
Other Current Assets	606,221	-	606,221	2.60%
	4,102,120	-	4,102,120	
	5,688,467	-	5,688,467	
Financial liabilities				
Payables	3,607,846	-	3,607,846	
	3,607,846	-	3,607,846	
Year ended 30 June 2016				
Financial assets				
Non interest bearing:				
Trade and other receivables	1,040,155	-	1,040,155	
	1,040,155	-	1,040,155	
Floating rate:				
Cash Assets	2,382,699	-	2,382,699	0.95%
Other Current Assets	677,143	-	677,143	3.03%
	3,059,842	-	3,059,842	
	4,099,997	-	4,099,997	
Financial liabilities				
Payables	2,772,074	-	2,772,074	
	2,772,074	-	2,772,074	

(*) Refer to notes 24 and 25 for details regarding the restatement as a result of a change in accounting policy.

For all financial instruments, the net fair value approximates their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised forms.

Interest on financial instruments classified as floating rate is fixed at intervals of less than one year. The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net loss before tax would increase by $17,149 and decrease by $8,433 respectively (2016: increase by $12,768 and decrease by $8,864). This is mainly attributable to the Group's exposure to interest rates on its variable rate cash deposits.

(4) Price Risk – Equity and Commodity

The Group's exposure to commodity and equity securities price risk is minimal.

(5) Foreign Currency Risk

The Group has minimal exposure to foreign currency risk as the Group trades mainly within Australia. New Zealand customers settle their outstanding invoices in Australian dollars.

(6) Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At 30 June 2017, the ageing analysis of trade receivables is as follows:

	Consolidated	0-30 days	0-30 days	31-60 days	31-60 days	61-90 Days	61-90 Days	+91 days	+91 days
	Total		CI*		CI*	PDNI*	CI*	PDNI*	CI*
	$	$	$	$	$	$	$	$	$
2017	1,240,106	330,231	-	490,541	5,488	192,854	5,169	193,703	22,120
2016	1,171,762	359,337	1,028	355,942	4,125	104,897	12,084	242,219	92,130

* **PDNI** - Past due not impaired

CI - Considered impaired

The receivables which are past due but not considered impaired was $386,558 (2016: $347,116).

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(7) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 20: COMMITMENTS

(1) Remuneration Commitments

There are no commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date.

(2) Operating Lease Commitments

The Group had the following operating lease commitments at balance date:

	Consolidated ($)	
	2017	**2016**
Within one year	238,719	272,515
After one year but not more than five years	559,755	798,474
	798,474	1,070,989

Operating lease commitments are in respect of the Chatswood office and St Kilda office.

NOTE 21: CONTINGENCIES

(1) Contingent Liabilities

The Group does not have any contingent liabilities.

NOTE 22: EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since 30 June 2017 that significantly affect, or may significantly affect:

(a) the Group's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Group's state of affairs in future financial years.

NOTE 23: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). JCurve Solutions Limited is a for-profit entity for the purposes of preparing the financial statements.

The accounting policies detailed below have been consistently applied to all years unless otherwise stated. The financial report is for the consolidated entity consisting of JCurve Solutions Limited and its subsidiaries.

The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

(2) New and amended standards adopted by the Group

(i) AASB 15 Revenue from Contracts with Customers

The Group has elected to early adopt AASB 15 Revenue from Contracts with Customers as issued by the Australian Accounting Standards Board from 1 July 2016 under the full retrospective approach. In accordance with the transition provisions in AASB 15 the new rules have been adopted retrospectively and comparatives for the 2016 financial year have been restated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

AASB 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and replaces the revenue recognition requirements outlined in AASB 118 Revenue and AASB 111 Construction Contracts.

Refer to note 24 below for further details on the impact of the change in accounting policy.

(3) New accounting standards and interpretations not yet adopted

In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations which are most relevant to the Group are set out below.

(i) *AASB 9 Financial Instruments,* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010), AASB 2014-1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group has assessed that there will be no impact on the Group's future financial reporting.

AASB 9 must be applied for financial years commencing on or after 1 January 2018. The Group will adopt the new standard from 1 July 2018.

(ii) *AASB 16 Leases*

The AASB has issued AASB 16 which will replace AASB 117 Leases and a number of interpretations. AASB 16 will provide a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The new standard will have three possible main changes on the Group's accounting for leases:

(1) Enhanced guidance on identifying whether a contract contains a lease;
(2) A completely new leases accounting model for lessees that require lessees to recognise all leases on balance sheet except for short-term leases and leases of low value assets; and
(3) Enhanced financial statement disclosures.

Lessor accounting will not significantly change under AASB 16.

The Group is currently assessing the effects of applying the new standard on the Group's financial statements. There may be an impact on the Group's current property leases. At this stage, the Group is not able to estimate what the effect on the Group's financial statements apart from there being a requirement for additional disclosures. The Group will make more detailed assessments of the effect over the next twelve months. AASB 16 must be applied for financial years commencing on or after 1 January 2019. The Group does not expect to adopt the new standard before 1 July 2019.

(4) Statement of Compliance

The financial report was authorised for issue on 22 August 2017.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(5) Basis of Consolidation

The consolidated financial statements comprise the financial statements of JCurve Solutions Limited and its subsidiaries as at 30 June each year (the Group).

NOTES TO THE FINANCIAL STATEMENTS (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

NOTE 24: CHANGES IN ACCOUNTING POLICIES

As outlined in Note 23 (2) above, the Group has adopted AASB 15 from 1 July 2016, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The main changes are explained below with the quantitative impact outlined in note 25.

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognise revenue as the performance obligations are satisfied.

The Group's main performance obligations have been identified as follows:

1) The implementation of ERP software;
2) Providing ERP software customers with technical support; and
3) Providing Telecommunication Expense Management solutions

Before the early adoption of AASB 15, the Group's accounting policy for revenue recognition, which was in accordance with AASB 118, recognised revenue over the contract term and proportionally as implementation services were delivered in line with the risks and rewards of the contract.

Following the adoption of AASB 15, the Group's revenue recognition accounting policy is that:

1) The performance obligation for the implemented ERP software is satisfied when the ERP software has been installed and is operating materially as contractually required. Rather than recognizing the contracted revenue evenly over the contract period which ranges from 12 to 60 months in the case of license revenue or evenly over an implementation period for service revenue (generally 2 to 3 months), under the new accounting policy, both license and implementation revenue for the contracted period is recognized at the point in time when the ERP software has been installed and is operating materially as contractually required. This has the effect of bringing forward a significant proportion of license revenue and deferring a portion of the implementation service revenue which would have been deferred under the previous accounting policy which was in accordance with AASB 118.
2) The performance obligation for providing ERP software customers with technical support is satisfied over the contracted period. There is no change to the accounting policy for the recognition of technical support revenue which continues to be recognized over the contract period which ranges from 12 to 60 months.
3) The performance obligation for providing Telecommunication Expense Management solutions is satisfied over the contracted period. There is no change to the accounting policy for the recognition of Telecommunication Expense Management solutions revenue which continues to be recognized over the contract period which ranges from 12 to 24 months.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 25: THE IMPACT OF EARLY ADOPTING AASB 15

As outlined in note 23, the Group has elected to adopt the full retrospective approach to the adoption of AASB 15. The adjustment to each of the affected financial years under this election is outlined below:

The adjustment to the consolidated opening statement of financial position as a result of adopting AASB 15 as compared to AASB 118 is an increase in equity of $600,351. The specific financial statement line items affected by the change to the accounting policy for revenue recognition is as follows:

	Consolidated ($)		
As at 1 July 2015 Statement of Financial Position	**Balance under previous accounting policy (AASB 118)**	**Balance under new accounting policy (AASB 15)**	**Effect of early adopting AASB 15**
Other current assets (*)	1,060,375	554,994	(505,381)
Total current assets	**4,515,156**	**4,009,775**	**(505,381)**
Deferred tax asset	245,009	396,623	151,614
Total assets	**10,157,407**	**9,803,640**	**(353,767)**
Trade and other payables (**)	4,246,624	2,883,599	(1,363,025)
Total current liabilities	**4,536,062**	**3,173,037**	**(1,363,025)**
Deferred tax liability	-	408,907	408,907
Total liabilities	**4,643,751**	**3,689,633**	**(954,118)**
Accumulated losses	(13,797,606)	(13,197,255)	600,351
Total equity	**5,513,656**	**6,114,007**	**600,351**

(*) Adjustment is to deferred expenditure
(**) Adjustment is to unearned income

NOTES TO THE FINANCIAL STATEMENTS (continued)

The comparative financial year, being the year ended 30 June 2016 impact on the financial statements of adopting AASB 15 as compared to AASB 118, is as follows:

	Consolidated ($)		
Statement of Profit or Loss and Other Comprehensive Income	**Amount under previous accounting policy (AASB 118)**	**Amount under new accounting policy (AASB 15)**	**Effect of early adopting AASB 15**
Revenue (*)	9,420,167	9,685,395	265,228
Cost of goods sold	2,012,082	2,014,047	1,965
Gross profit	**7,408,085**	**7,671,348**	**263,263**
Loss before income tax	**(3,144,914)**	**(2,881,651)**	**263,263**
Income tax benefit	**363,207**	**284,228**	**(78,979)**
Loss from continuing operations for the year	**(2,781,707)**	**(2,597,423)**	**184,284**
Total comprehensive loss for the year	**(2,781,707)**	**(2,597,423)**	**184,284**

(*) Adjustment is to Enterprise Resource Planning (ERP) solutions revenue

	Consolidated ($)		
As at 30 June 2016 Statement of Financial Position	**Balance under previous accounting policy (AASB 118)**	**Balance under new accounting policy (AASB 15)**	**Effect of early adopting AASB 15**
Other current assets (*)	1,184,487	677,143	(507,344)
Total current assets	**4,607,341**	**4,099,997**	**(507,344)**
Deferred tax asset	289,467	441,671	152,204
Total assets	**7,378,589**	**7,023,449**	**(355,140)**
Trade and other payables (**)	4,387,192	2,772,074	(1,615,118)
Total current liabilities	**4,563,228**	**2,948,110**	**(1,615,118)**
Trade and other payables – non-current (**)	13,133	-	(13,133)
Deferred tax liability	-	488,476	488,476
Total liabilities	**4,624,282**	**3,484,507**	**(1,139,775)**
Accumulated losses	(16,579,313)	(15,794,678)	784,635
Total equity	**2,754,307**	**3,538,942**	**784,635**

(*) Adjustment is to deferred expenditure
(**) Adjustment is to unearned income

NOTES TO THE FINANCIAL STATEMENTS (continued)

The current financial year, being the year ended 30 June 2017 impact on the financial statements of adopting AASB 15 as compared to AASB 118, is as follows:

Statement of Profit or Loss and Other Comprehensive Income	Consolidated ($) Amount under previous accounting policy (AASB 118) $	Consolidated ($) Amount under new accounting policy (AASB 15) $	Effect of early adopting AASB 15 $
Revenue (*)	8,621,801	10,378,808	1,757,007
Cost of goods sold	1,739,045	2,327,229	588,184
Gross profit	**6,882,756**	**8,051,579**	**1,168,823**
Employee benefits expense (**)	4,968,716	5,062,916	94,200
(Loss)/profit before income tax	**(523,040)**	**551,583**	**1,074,623**
Income tax benefit/(expense)	**220,891**	**(97,297)**	**(318,188)**
(Loss)/Profit from continuing operations for the year	**(302,149)**	**454,286**	**756,435**
Total comprehensive (loss)/income for the year	**(302,149)**	**454,286**	**756,435**

(*) Adjustment is to Enterprise Resource Planning (ERP) solutions revenue
(**) Adjustment is to deferred commissions

As at 30 June 2017 Statement of Financial Position	Consolidated ($) Balance under previous accounting policy (AASB 118) $	Consolidated ($) Balance under new accounting policy (AASB 15) $	Effect of early adopting AASB 15 $
Other current assets (*)	1,701,751	606,221	(1,095,530)
Total current assets	**6,973,330**	**5,877,800**	**(1,095,530)**
Deferred tax asset	281,842	614,701	332,859
Total assets	**9,699,036**	**8,936,365**	**(762,671)**
Trade and other payables (**)	6,898,906	3,607,846	(3,291,060)
Total current liabilities	**7,118,080**	**3,827,020**	**(3,291,060)**
Deferred tax liability	46,535	1,033,854	987,319
Total liabilities	**7,230,196**	**4,926,455**	**(2,303,741)**
Accumulated losses	(16,881,462)	(15,340,392)	1,541,070
Total equity	**2,468,840**	**4,009,910**	**1,541,070**

(*) Adjustment is to deferred expenditure
(**) Adjustment is to unearned income

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 26: SHARE-BASED PAYMENT PLANS

(i) Shares issued under Equity Incentive Plan

The equity incentive plan was approved by shareholders at the Annual General Meeting held on 22 November 2016. On 27 June 2017, 10,000,000 performance right (valued at $27,500) were issued to employees under the plan. Each performance right has a nil exercise price and convert into one fully paid ordinary share in JCurve Solutions Limited upon meeting the vesting conditions. The performance rights vest on 31 August 2019. If the vesting conditions are not met the performance right lapses on 31 August 2019.

The share based payment expense is recognised in the Statement of Profit or Loss and Other Comprehensive Income evenly over the vesting period.

(ii) Shares issued under Employee Share Plan

An employee share plan was approved by shareholders at the Annual General Meeting held on 31 October 2013. On 11 September 2015, 4,800,000 shares (valued at $27,281) were issued to employees under the employee share plan with payment via a non-recourse loan.

Following approval by shareholders at the Annual General Meeting held on 17 November 2015, on 7 December 2015, 1,000,000 shares were issued to both Bruce Hatchman and David Franks (2,000,000 in total valued at $16,367) under the Employee Share Plan with payment via a non-recourse loan.

The shares remain in escrow until 11 September 2017 and 7 December 2017.

The expense recognised in the Statement of Profit or Loss and Other Comprehensive Income in relation to share-based payments is disclosed in Note 16.

750,000 of the shares issued under the Employee Share Plan (valued at $4,263) were bought back by the JCurve Solutions during the year in accordance with the terms of the Employee Share Plan.

(iii) Share Option Plan – Acquisition of JCurve Business Software

JCurve Solutions Limited issued 35,714,284 options (valued at $1,572,144) as part consideration for the acquisition of JCurve Solutions Pty Ltd by its subsidiary JCurve Business Software Pty Ltd.

The contractual life of each option granted is between 3 and 5 years. There are no cash settlement alternatives.

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	2017		2016	
	No.	**Weighted average exercise price**	**No.**	**Weighted average exercise price**
Outstanding at the beginning of the year	26,785,713	$0.000001	35,714,284	$0.000001
Expired during the year	(8,928,571)	-	(8,928,571)	-
Granted during the year	-	-	-	-
Outstanding at the end of the year	17,857,142	$0.000001	26,785,713	$0.000001
Exercisable at the end of the year	17,857,142		26,785,713	

The weighted average remaining contractual life for the share options outstanding as at 30 June 2017 is between 1 and 2 years (2016: 1 and 3 years).

The exercise price for options outstanding at the end of the year was $0.000001 (2016: $0.000001)

8,928,571 of options expired during the year.

The outstanding balance of share options as at 30 June 2017 is represented by:

- 8,928,571 options which automatically vest when the share price reaches 12.5c for a period of 10 consecutive trading days, exercisable on or before 31 March 2018;
- 8,928,571 options which automatically vest when the share price reaches 15.0c for a period of 10 consecutive trading days, exercisable on or before 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 27: REMUNERATION OF AUDITORS

The auditor of JCurve Solutions Limited is BDO East Coast Partnership.

	Consolidated ($)	
	2017	2016
Amounts received or due and receivable by HLB Mann Judd for an audit or review of the financial report of the entity and any other entity in the consolidated group (*)	(14,608)	84,177
Amounts received or due and receivable by BDO East Coast Partnership for an audit or review of the financial report of the entity and any other entity in the consolidated group (**)	70,095	-
	55,487	84,177

(*) Fee reduction received from the amount originally quoted as a result of efficiencies gained from improved Group work papers and technical analysis through the 30 June 2016 audit. The 2016 auditors remuneration disclosed and amount accrued in the 2016 Annual Report was based on quoted amounts which used the 30 June 2015 audit as a base level.

(**) BDO East Coast Partnership was appointed by the Group's shareholders at the 2016 Annual General Meeting on 22 November 2016.

NOTE 28: RELATED PARTY TRANSACTIONS

(1) Subsidiaries

The consolidated financial statements include the financial statements of JCurve Solutions Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest 2017	% Equity Interest 2016
JCurve Business Software Pty Ltd	Australia	100	100
Fleet Manager Pty Ltd	Australia	100	100
Phoneware Pty Ltd	Australia	100	100
Interfleet Pty Ltd	Australia	100	100
The Full Circle Group Pty Ltd	Australia	100	100
JCS Tech Solutions Pty Ltd	Australia	100	-
JCurve Solutions Asia Pte Ltd	Singapore	100	-

JCurve Solutions Limited is an Australian entity and the ultimate parent of the Group. JCurve Business Software Pty Ltd, Fleet Manager Pty Ltd, Phoneware Pty Ltd, Interfleet Pty Ltd, The Full Circle Group Pty Ltd and JCS Tech Solutions Asia Pte Ltd are all incorporated in Australia. JCurve Solutions Asia Pte Ltd was incorporated on the 22 December 2016 and is domiciled in Singapore.

(2) Key Management Personnel Compensation

The aggregate compensation made to directors and other key management personnel of the Group is set out below:

	Consolidated ($)	
	30 June 2017	30 June 2016
Short-term employee benefits	1,075,534	748,273
Post-employment benefits	91,259	62,450
Other long-term benefits	4,370	160
Termination benefits	-	-
Share-based payments	14,114	14,852
Total Compensation	1,185,277	825,735

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 29: PARENT ENTITY DISCLOSURES

Financial position

	30 June 2017 $	30 June 2016 $
Assets		
Current assets	2,332,212	2,422,630
Non-current assets	1,797,360	1,107,113
Total assets	4,129,572	3,529,743
Liabilities		
Current liabilities	384,947	670,458
Non-current liabilities	87,538	104,978
Total liabilities	472,485	775,436
Net Assets	3,657,087	2,754,307
Equity		
Issued capital	17,588,248	17,588,248
Accumulated losses	(15,693,215)	(16,556,955)
Reserves	1,762,054	1,723,014
Total equity	3,657,087	2,754,307

Financial Performance	Year ended 30 June 2017 $	Year ended 30 June 2016 $
Net profit/(loss) for the year	863,740	(1,168,732)

DIRECTORS' DECLARATION

1. In the opinion of the directors:

(a) the financial statements and notes set out on pages 24 to 57 are in accordance with the *Corporations Act 2001*, including:

(i) complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 23(1) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

This declaration is signed in accordance with a resolution of the Board of Directors.

B Hatchman

Chairman

Dated 22 August 2017

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of JCurve Solutions Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of JCurve Solutions Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 1, the Group has elected to early adopt AASB 15 Revenue from Contracts with Customers. The required retrospective application of AASB 15 resulted in a material restatement to the statement of comprehensive income and the statement of changes in equity for the year ended 30 June 2016, as well as the statement of financial position as at 30 June 2016 and 1 July 2015. The application and implementation of AASB 15 in relation to licensing agreements (in particular, ERP system sales) is subject to significant judgements in respect of the identification of separate performance obligations and the recognition of revenue at either a point in time or over time. Given the financial significance of the retrospective application and the judgement exercised by Management in determining the separate performance obligations and timing of revenue recognised which lead to the restated balances for 30 June 2016 and opening balances at 1 July 2015, we consider this area to be significant for our audit.	Our audit procedures included, amongst others: • Evaluating the methodologies used by Management in their assessment of the recognition and measurement criteria of AASB 15. • Engaging with technical accounting consultants to assist as necessary. • Testing the operating effectiveness of internal controls in relation to Management's calculation of the AASB 15 restatement of revenue for the year ended 30 June 2017. • Selecting a sample of customer contracts to agree to underlying records to ensure that revenue and deferred revenue were calculated in accordance with AASB 15 and the Group's revenue accounting policies. • Evaluating whether revenue had been recorded in the correct period based on contractual terms for a sample of sales around the reporting date. • Evaluating and assessing the adequacy of the financial report disclosures in respect of the adoption of AASB 15.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 12 to 21 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of JCurve Solutions Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 22 August 2017

SHAREHOLDER INFORMATION

(a) Distribution of shareholder and listed option holder numbers

Category	Ordinary	Units	% of Issued Capital
1 - 1,000	62	4,644	-%
1,001 - 5,000	10	31,196	0.01%
5,001 - 10,000	46	402,436	0.12%
10,001 - 100,000	248	12,969,272	3.91%
100,001 - and over	254	318,499,352	95.96%
	620	**331,906,900**	**100.00%**

There are 208 shareholders that hold less than a marketable parcel as at 9 August 2017.

(b) Substantial shareholders

The names of the substantial shareholders listed in the Group's register as at 30 June 2017 and 9 August 2017 are outlined below, based on the shareholders last lodged Substantial Shareholder notice:

	30 June 2017		9 August 2017	
Shareholder	**Number of ordinary shares held**	**% held of ordinary share capital**	**Number of ordinary shares held**	**% held of ordinary share capital**
Gramell Investments Pty Limited	83,124,215	25.35	83,124,215	25.35
Mr Mark Jobling	51,204,301	15.60	51,204,301	15.60

(c) Voting rights

At members' meetings, each eligible voter (i.e. eligible member, proxy, attorney or representative of an eligible member) has one vote on a show of hands; and one vote on a poll (except where a share has not been fully paid, that share will only confer that fraction of one vote which has been paid, and if the total number of votes does not constitute a whole number, the fractional part of that total will be disregarded). This is subject to the following:

- Where any calls due and payable have not been paid;
- Where there is a breach of a restriction agreement;
- Where a member and their proxy or attorney are both present at the meeting, or if more than one proxy or attorney is present;
- Where a vote on a particular resolution is prohibited by the *Corporations Act 2001*, Listing Rules, ASIC or order of a Court.

(d) Company secretary

The name of the company secretary is David Franks.

(e) Registered office

The address of the principal registered office in Australia is:
Level 8, 9 Help Street
Chatswood NSW 2067

(f) Register of securities

The registers of securities are held at the following address:
Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000
Ph. (08) 9323 2000

SHAREHOLDER INFORMATION (continued)

(g) Top 20 Registered Holders – Ordinary Shares as of 9 August 2017

	Name	Number of Ordinary Shares	% of Ordinary Shares Held
1	GRAMELL INVESTMENTS PTY LIMITED <SUPERANNUATION FUND	83,124,215	25.04
2	MR MARK CHRISTOPHER JOBLING	47,899,564	14.43
3	MR GREGORY PETER WILSON	9,250,000	2.79
4	DR PHILIP GORDON WILSON EWART	7,134,543	2.15
5	DR PHILIP GORDON WILSON EWART + MRS KYLIE EWART <EWART SUPER FUND A/C>	6,678,300	2.01
6	POTENTATE INVESTMENTS PTY LTD <NORSTER FAMILY A/C>	6,330,943	1.91
7	MR JUAN CARLOS GONZALEZ	5,750,936	1.73
8	MR CHARLES BYRON SMITH	5,040,867	1.52
9	ROUND ETERNAL INVESTMENTS PTY LTD <VISION SPLENDID A/C>	5,000,000	1.51
10	MR TRENT WATSON	4,742,806	1.43
11	MR DAVID JAMES FRANKS + MR WALTER GEORGE FRANKS <DELPHINI SUPER FUND A/C>	4,206,174	1.27
12	BUFF HOLDINGS PTY LTD <BRUCE & EVE HATCHMAN SF A/C>	3,500,000	1.05
13	MR STEPHEN CANNING	3,233,418	0.97
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,165,548	0.95
15	MR RIC SEGELOW	2,852,883	0.86
16	MR ANDREW MARTIN + MRS MAREE JANE MARTIN	2,683,500	0.81
17	MR TRENT ROSS WATSON + MS GAY MCCARTHY + MS ZANA BRODZELI <CPOINT P&A MNGMNT S/F A/C>	2,550,000	0.77
18	INVIA CUSTODIAN PTY LIMITED <AH SUPER FUND A/C>	2,500,000	0.75
19	MR PETER GRAHAM DORAN + MRS BARBARA LINDA DORAN <DORAN & SONS FAMILY A/C>	2,271,973	0.68
20	MRS TINH TRAN	2,100,000	0.63
	TOTAL HELD BY TOP 20 HOLDERS	**210,015,670**	**63.28**
	TOTAL HELD BY REMAINING SHAREHOLDERS	**121,891,230**	**36.72**

(h) Stock exchange listing– ordinary shares (as of 30 June 2017)

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange.

(i) Restricted securities

As at 30 June 2017 and 9 August 2017 there are no restricted security classes recorded in the Company's share register.

(j) Unquoted securities

The unquoted securities of the Company as at 9 August 2017 are:

17,857,142 Options are outlined below

Number of Options	Exercise Price	Expiry Date	Number of Holders
8,928,571	$0.000001	31 March 2018	1
8,928,571	$0.000001	31 March 2019	1

10,000,000 Performance Rights are outlined below

Number of Performance Rights	Exercise Price	Expiry Date	Number of Holders
10,000,000	$Nil	31 August 2019	5

(k) Listing Rule 3.13.1 and 14.3

Further to Listing Rule 3.13.1 and Listing Rule 14.3, the Annual General Meeting of JCurve Solutions is scheduled for 22 November 2017.